

STOCK RECOMMENDATION – NOVEMBER 7TH, 2022

MARKET REVIEW

For the week ended November 4th, 2022.

- Last week, the Nigerian equities market closed in the green zone, as the All-Share Index gained 0.81% WoW to 44,269.18pts. Hence, the Year-to-Date return increased to 3.63% (vs. 2.80% last week).
- Across sectors, performance was largely bearish as all sectoral indices recorded week-on-week losses except the **NGXINDUSTR** (+5.35%).
- FTNCOCOA** (+13.33% WoW) led the gainers' chart for the week, while **CHAMS** (-14.81% WoW) was the week's top loser. **ACCESS** and **SEPLAT** topped the activities chart as the most traded stocks by volume and value, respectively.

MARKET *P* REVIEW

For the week commencing November 7th, 2022.

- In our opinion, the mood in the equities market remains largely bearish, given the low level of activities (market breadth declined to 0.47x vs. 1.00x the previous week). The gains recorded last week was mainly driven by buying interests on bellwether stocks.
- We expect investors to continue to favour the fixed income market given the attractive level of yields. Also, the expectation of increase in stop rates at the Treasury Bills auction scheduled to hold this week, further adds credence to our assertion.
- Thus, barring any bargain hunting activity on heavy weight tickers, we expect the market to close in the negative region this week.

THE WEEK THAT WAS (A REVIEW)

		Cur. Week	Prev. Week	
NGXASI		44,269.18	43,912.64	
Market Cap [NGN'trn]		24.11	23.92	
Market Cap [USD 'bn]		54.12	53.69	
Volume Traded [bn]		1.05	0.59	
Value Traded [NGN'bn]		15.40	14.23	
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	0.81%	0.98%	-9.70%	3.63%
NGX-30	1.15%	1.30%	-8.39%	-7.08%
NGX-B10	-1.87%	-1.07%	-2.17%	-8.64%
NGX-FB10	-2.32%	-1.95%	-4.78%	-5.52%
NGX-OG5	-5.37%	-5.03%	-9.88%	32.76%
NGX-INS10	-1.35%	-1.65%	-6.78%	-20.67%
NGX-IND	5.35%	5.35%	12.20%	-0.93%
Value (NGN)		Volume		
AIRTELAFRI	3,978,865,820	MBENEFIT	367,543,111	
MTNN	2,926,411,454	STERLNBANK	81,867,270	
DANGCEM	1,657,697,426	FIDELITYBK	71,146,759	
ZENITHBANK	952,806,392	TRANSCORP	64,842,132	
GTCO	841,655,444	GTCO	53,970,613	
Highest Gainers		Highest Losers		
	%		%	
FTNCOCOA	13.33%	IKEJAHOTEL	-12.96%	
DANGCEM	8.84%	CORNERST	-12.00%	
COURTVILLE	8.70%	SOVRENINS	-10.71%	
REGALINS	8.33%	LIVESTOCK	-10.62%	
SIAMLETF40	8.00%	CAVERTON	-10.31%	

	Fundamentals					Trailing				Market Performance			Valuation					
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Yr Hi	Yr Lo	YtD Return	Target PE	Exp. EPS	2022 TP	Last Wk. Pr	UPP	RT
Financial Services																		
Banks																		
ACCESSCORP	0.09	16%	15%	1%	11.02	4.64	30.84	1.71x	0.26x	10.40	7.50	-14.52%	2.23	4.64	10.36	7.95	+30%	BUY
ETI	0.09	16%	22%	1%	15.78	6.55	29.41	1.53x	0.34x	13.10	8.60	+14.94%	2.21	6.60	14.56	10.00	+46%	BUY
FCMB	0.09	11%	11%	1%	10.49	1.36	12.77	2.49x	0.27x	3.88	2.85	+13.71%	3.15	1.38	4.35	3.40	+28%	BUY
FIDELITYBK	0.08	13%	12%	1%	11.85	1.34	10.76	3.05x	0.38x	4.21	2.50	+60.78%	2.35	1.86	4.35	4.10	+6%	HOLD
FBNH	0.09	21%	19%	2%	10.74	4.73	24.70	2.09x	0.40x	12.40	8.40	-13.16%	3.85	3.09	11.90	9.90	+20%	BUY
GTCO	0.08	36%	20%	3%	6.72	5.88	28.73	2.99x	0.61x	28.00	16.85	-32.31%	3.78	6.09	23.02	17.60	+31%	BUY
STANBIC	0.08	26%	17%	2%	8.33	5.02	29.17	5.57x	0.96x	38.00	28.00	-22.22%	8.15	5.21	42.45	28.00	+52%	BUY
STERLNBANK	0.09	10%	11%	1%	12.15	0.55	5.19	2.54x	0.27x	1.73	1.39	-7.28%	3.10	0.47	1.46	1.40	+4%	HOLD
UBA	0.08	18%	15%	1%	10.76	3.57	24.15	1.96x	0.29x	8.85	6.55	-13.04%	2.21	4.15	9.15	7.00	+31%	BUY
UBN	0.07	10%	6%	1%	9.06	0.62	9.63	9.22x	0.60x	6.55	5.00	-2.54%	7.16	0.96	6.90	5.75	+20%	BUY
WEMABANK	0.08	9%	14%	1%	18.37	0.27	1.88	11.77x	1.71x	4.00	0.78	+344.44%	5.11	0.68	3.49	3.20	+9%	HOLD
ZENITHBANK	0.07	37%	20%	2%	7.95	7.96	40.52	2.49x	0.49x	27.40	18.90	-21.07%	3.71	7.98	29.59	19.85	+49%	BUY
Insurance																		
AIICO	0.32	9%	16%	3%	5.69	0.32	2.05	1.76x	0.27x	0.84	0.52	-20.00%	5.32	0.14	0.74	0.56	+33%	BUY
LASACO	0.48	3%	3%	1%	2.28	0.19	6.24	4.69x	0.14x	1.15	0.83	-17.14%	5.69	0.25	1.42	0.87	+64%	BUY
MANSARD	0.57	3%	7%	2%	3.83	0.13	1.74	12.67x	0.94x	2.60	1.50	-29.74%	6.05	0.46	2.77	1.63	+70%	BUY
NEM	0.75	15%	20%	12%	1.76	0.49	2.42	8.10x	1.65x	5.65	3.01	-11.11%	4.96	0.96	4.76	4.00	+19%	BUY
WAPIC	0.37	-15%	-12%	-6%	2.13	-0.10	0.86	-3.37x	0.41x	0.53	0.32	-37.50%	-	-	-	0.35	-	UR
CORNERST	0.39	17%	15%	7%	2.32	0.17	1.15	2.54x	0.38x	0.75	0.44	-4.35%	3.20	0.21	0.67	0.44	+53%	BUY
CUSTODIAN	0.43	10%	14%	5%	3.07	1.56	11.29	3.77x	0.52x	8.00	5.90	-25.32%	4.21	1.87	7.87	5.90	+33%	BUY

	Fundamentals					Trailing				Market Performance			Valuation					
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Yr Hi	Yr Lo	YtD Return	Target PE	Exp. EPS	2022 TP	Last Wk. Pr	UPP	RT
Other Financial Services																		
UCAP	0.04	62%	47%	2%	20.05	2.09	4.42	5.71x	2.70x	14.15	9.95	+20.71%	6.50	2.33	15.15	11.95	+27%	BUY
AFRIPRUD	0.10	41%	18%	4%	4.39	0.78	4.35	6.61x	1.19x	7.80	5.00	-18.90%	9.28	0.80	7.39	5.15	+44%	BUY
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.96	8%	17%	7%	2.40	7.15	41.08	11.60x	2.02x	110.00	39.00	+112.56%	13.85	7.67	106.23	82.90	+28%	BUY
NB	1.05	5%	13%	5%	2.54	2.96	23.51	13.47x	1.70x	77.00	39.90	-20.20%	25.45	3.12	79.51	39.90	+99%	BUY
INTBREW	0.54	-2%	-2%	-1%	2.83	-0.13	5.14	-32.47x	0.81x	9.75	4.15	-16.16%	-	-	-	4.15	-	UR
Packaged Foods & Meats																		
BUAFOODS	0.54	21%	31%	12%	2.69	69.64	224.32	0.80x	0.25x	66.00	40.00	+39.75%	14.18	4.74	67.23	55.90	+20%	BUY
CADBURY	0.96	8%	26%	7%	3.58	2.11	8.01	5.39x	1.42x	17.70	7.75	+28.98%	15.41	1.00	15.41	11.35	+36%	BUY
DANGSUGAR	0.83	9%	22%	7%	2.92	2.44	11.26	6.67x	1.45x	18.30	15.30	-6.32%	8.10	2.95	23.90	16.30	+47%	BUY
HONYFLOUR	0.92	-2%	-7%	-2%	2.90	-0.44	6.81	-4.95x	0.32x	4.02	1.94	-35.29%	23.17	0.13	3.01	2.20	+37%	BUY
FLOURMILL	1.00	3%	13%	3%	4.36	6.36	49.23	4.76x	0.62x	41.45	27.00	+6.88%	5.57	8.22	45.79	30.30	+51%	BUY
NASCON	0.83	7%	20%	6%	3.27	1.15	5.70	8.24x	1.67x	14.50	9.50	-28.03%	12.54	1.26	15.80	9.50	+66%	BUY
NESTLE	1.16	11%	160%	13%	12.02	58.10	36.40	20.91x	33.38x	1,556.50	1,215.00	-21.94%	28.18	54.57	1,537.78	1,215.00	+27%	BUY
UACN	1.00	1%	2%	1%	2.22	0.38	16.75	23.91x	0.54x	14.50	8.40	-5.26%	12.48	1.21	15.16	9.00	+68%	BUY
UNILEVER	0.65	-6%	-7%	-4%	1.84	-0.78	11.28	-12.75x	0.89x	15.50	9.95	-31.03%	27.13	0.56	15.07	10.00	+51%	BUY
Agricultural Products																		
OKOMUOIL	0.68	41%	52%	28%	1.85	23.61	45.35	7.18x	3.74x	216.90	127.80	+19.37%	11.74	18.72	219.73	169.50	+30%	BUY
PRESCO	0.45	33%	52%	15%	3.46	22.67	43.26	5.66x	2.97x	200.00	87.80	+46.18%	8.25	26.25	216.54	128.35	+69%	BUY
Household & Personal Products																		
PZ	0.93	6%	16%	6%	2.70	1.61	10.06	5.74x	0.92x	13.55	6.10	+51.64%	-	-	-	9.25	-	UR
VITAFOAM	1.22	13%	37%	16%	2.34	4.58	12.36	4.37x	1.62x	25.00	20.00	-11.11%	6.00	4.90	29.40	20.00	+47%	BUY

	Fundamentals					Trailing				Market Performance			Valuation					
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Yr Hi	Yr Lo	YtD Return	Target PE	Exp. EPS	2022 TP	Last Wk. Pr	UPP	RT
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.84	8%	14%	6%	2.16	0.57	4.19	6.49x	0.88x	5.45	3.35	-7.96%	7.50	0.67	5.03	3.70	+36%	BUY
FIDSON	0.87	14%	32%	12%	2.68	2.50	7.87	3.32x	1.06x	12.30	6.22	+33.60%	5.20	3.02	15.70	8.31	+89%	BUY
GLAXOSMITH	1.03	3%	10%	4%	2.91	0.79	7.59	7.27x	0.76x	8.35	5.40	-3.36%	10.00	0.81	8.10	5.75	+41%	BUY
NEIMETH	0.43	2%	5%	1%	6.22	0.03	0.57	54.71x	2.62x	1.98	1.26	-14.29%	2.55	0.86	2.19	1.50	+46%	BUY
Materials																		
Construction Materials																		
BUACEMENT*	0.37	34%	24%	13%	1.87	3.19	13.57	22.57x	5.31x	74.25	47.85	+7.38%	18.34	4.35	76.13	72.00	+6%	HOLD
DANGCEM*	0.67	23%	44%	15%	2.88	20.24	45.53	11.86x	5.27x	300.00	220.50	-6.61%	6.86	50.78	333.38	240.00	+39%	BUY
WAPCO*	0.59	18%	15%	11%	1.42	3.73	24.82	5.96x	0.90x	31.75	21.20	-7.10%	6.46	5.61	38.65	22.25	+74%	BUY
Specialty Chemicals																		
CAP	1.46	9%	33%	14%	2.44	2.07	6.21	8.15x	2.72x	22.40	16.50	-13.11%	12.38	1.32	16.34	16.90	-3%	HOLD
BERGER	1.14	3%	6%	4%	1.53	0.63	11.18	9.09x	0.51x	8.55	5.70	-33.33%	12.00	0.74	8.92	5.70	+56%	BUY
Energy																		
CONOIL	1.83	3%	16%	6%	2.68	5.52	34.01	4.80x	0.78x	34.25	21.30	+20.45%	7.57	3.83	28.96	26.50	+9%	HOLD
ETERNA	1.73	0%	-2%	0%	4.39	-0.22	10.25	-29.28x	0.61x	8.00	4.99	+24.75%	-	-	5.79	6.30	-8%	HOLD
ARDOVA	1.75	0%	-1%	-1%	1.00	-0.82	97.49	-16.87x	0.14x	15.20	11.55	+6.92%	8.21	2.08	17.08	13.90	+23%	BUY
MRS	2.14	1%	3%	1%	2.07	1.77	57.53	6.60x	0.20x	16.40	11.70	-5.26%	55.23	0.20	11.05	11.70	-6%	HOLD
SEPLAT	0.28	17%	9%	5%	1.92	116.00	1,244.81	9.48x	0.88x	1,430.50	650.00	+69.23%	13.14	86.37	1,134.94	1,100.00	+3%	HOLD
TOTAL	1.49	4%	39%	6%	6.08	51.03	129.78	3.86x	1.52x	264.90	197.00	-11.22%	5.60	60.98	341.51	197.00	+73%	BUY
Telecommunications																		
MTNN	0.72	19%	125.57%	13.39%	9.38	16.63	13.24	11.79x	14.80x	270.00	185.50	-0.51%	13.00	18.28	237.64	196.00	+21%	BUY
AIRTELAFRI*	0.38	11%	12%	4%	2.88	49.50	402.93	25.76x	3.16x	2,040.00	955.00	+33.51%	3.91	296.33	1,159.11	1,275.00	-9%	HOLD

<p><i>*TP calculated with EV/EBITDA multiple.</i></p> <p><i>TP=Target Price</i></p> <p><i>Last Wk. Pr= Last Week Price</i></p> <p><i>CP= Current Price</i></p> <p><i>UPP=Upside Potential</i></p> <p><i>RT= Rating</i></p> <p><i>Exp. EPS= 2022 Dec Expected EPS</i></p>	<p><i>BVP= Book Value Per Share</i></p> <p><i>P/E=P/E</i></p> <p><i>AT=Asset Turnover</i></p> <p><i>OM=Operating Margin</i></p> <p><i>NM= Net Margin</i></p> <p><i>Lev=Leverage</i></p> <p><i>UR=Under Review</i></p>
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Data in the Fundamental columns are based on trailing performance.

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We estimate stock's fair value by computing a weighted average of projected prices derived from discounted cash flow and relative valuation methodologies. The choice of relative valuation methodology (ies) usually depends on the firm's peculiar business model and what in the opinion of our analyst is considered as a key driver of the stock's value from a firm specific as well as an industry perspective. However, we attach the most weight to discounted cash flow valuation methodology.

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BUY: Target Price of the stock is above the current market price by at least **10 percent**

HOLD: Target Price of the stock ranges between **-10 percent and 10 percent** from the current market price.

SELL: Target Price of the stock is more than **10 percent** below the current market price.

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